

FDIC State Profile

Fall 2004

Missouri

Missouri's employment situation showed signs of life in the first quarter of 2004.

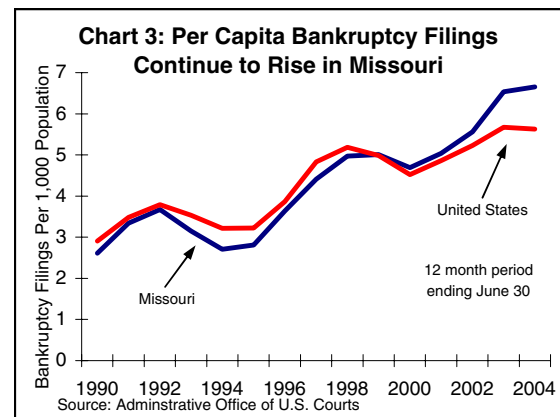
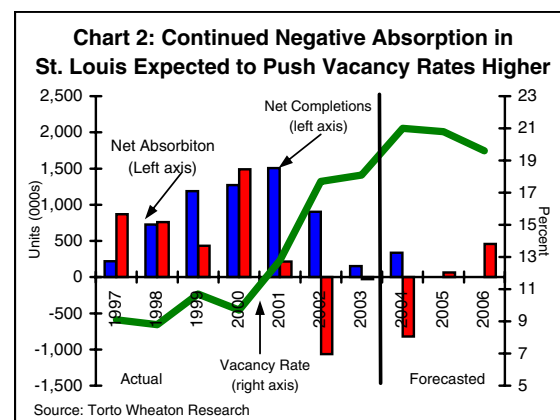
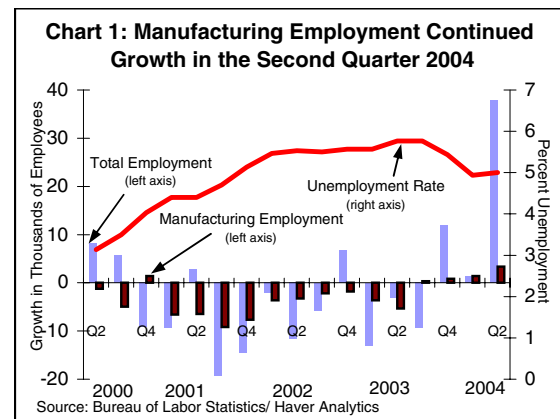
- Missouri's economy added 37,000 jobs in the second quarter 2004, the third straight quarterly gain, following several quarters of massive losses.
- The manufacturing sector experienced job growth for the third straight quarter, reducing total losses since second quarter 2000 to 47,000 jobs (See Chart 1).
- Unemployment remained stable at 5.0 percent in the second quarter, compared to 5.8 percent one year ago.

The St. Louis office market continues to soften in the second quarter of 2004.

- Office vacancy rates in the **St. Louis** MSA increased to 19.6 percent in the second quarter 2004, a level not seen since 1989.
- Office vacancy rates in the **St. Louis** MSA are expected to move even higher in the second half of 2004 as new completions enter the market. On the positive side, absorptions are forecasted to increase in 2005 and 2006, reducing vacancy rates (See Chart 2).
- The **Kansas City** metropolitan area office market remained weak in the second quarter of 2004 with a vacancy rates of 19.5 percent; however, positive absorption and minimal new construction are expected to push vacancy rates as low as of 14.2 percent in 2006.

Bankruptcy filings increased in the first half of 2004.

- The weak employment market in previous quarters has stressed household finances, as suggested by an increase of 6 percent in per capita bankruptcy filings in Missouri (See Chart 3).
- After two quarters of declines in the number of new filings, the state recorded 9,371 new filings in the first quarter of 2004.
- Over the past four years, Missouri's filing rate has outpaced the nation's, reflecting the state's poor economy in prior years.



State Profile

Commercial real estate exposure (CRE) remained level at most Missouri metropolitan institutions during the past year.

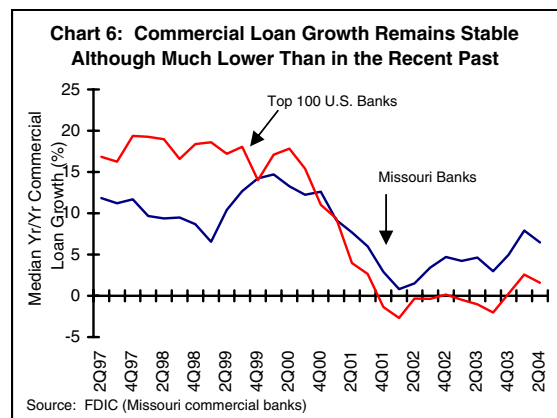
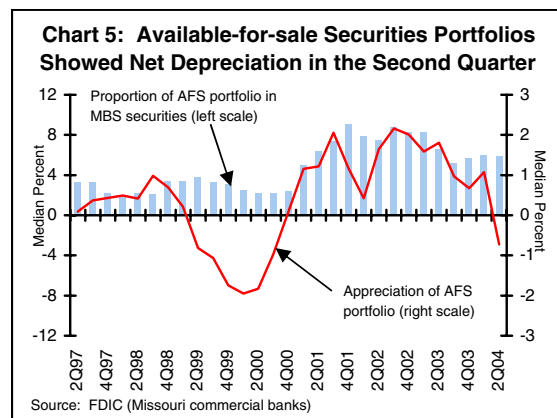
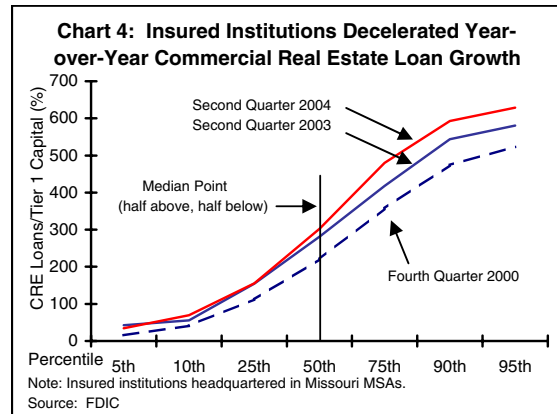
- Unlike the previous two years, many of Missouri's insured institutions maintained a level exposure to CRE over the past year (See Chart 4).
- Most of the growth is in nonresidential, nonfarm properties including owner-occupied business properties and construction and development properties, the latter of which is a historically higher risk CRE segment.
- CRE delinquencies and net charge-offs remain low.

Securities portfolios experienced net depreciation in the second quarter.

- Commercial bank available-for-sale securities (AFS) portfolios registered their first quarter of net depreciation in 15 quarters as the Federal Reserve began tightening monetary policy for the first time since June 2000 (See Chart 5). Current unrealized depreciation represents 1.09 percent of capital versus 3.75 percent in June 2000.
- The value of securities portfolios may be more volatile than recent history as commercial banks invested heavily in mortgage-backed securities (MBS) over the past few years. MBS typically carry greater market-sensitivity than U.S. Treasury and agency securities.
- MBS have represented between 5.2 percent and 8.8 percent of AFS over the past two years, well above the 1.8 to 3.5 percent range in the 24 months immediately preceding second quarter 1999, the beginning of a six-quarter net depreciation period.

Commercial banks continue to experience growth in business lending.

- Unlike the nation's largest institutions, Missouri commercial banks continued to experience growth in their commercial lending portfolios over the past several years (See Chart 6).
- However, the growth rate has been much lower than that experienced a few years ago because of the downturn in the state's business sector, especially in manufacturing.
- As Missouri's economy continues to improve, growth in commercial and industrial lending has upticked recently similar to the trend in the nation's largest commercial banks.



Missouri at a Glance

General Information	Jun-04	Jun-03	Jun-02	Jun-01	Jun-00
Institutions (#)	376	375	385	391	403
Total Assets (in thousands)	89,037,450	84,696,389	75,416,127	71,144,808	88,053,549
New Institutions (# < 3 years)	5	7	11	16	20
New Institutions (# < 9 years)	36	35	36	35	32
Capital	Jun-04	Jun-03	Jun-02	Jun-01	Jun-00
Tier 1 Leverage (median)	9.02	8.89	8.87	8.91	8.93
Asset Quality	Jun-04	Jun-03	Jun-02	Jun-01	Jun-00
Past-Due and Nonaccrual (median %)	1.45%	1.79%	1.87%	2.11%	1.77%
Past-Due and Nonaccrual >= 5%	26	35	38	47	29
ALLL/Total Loans (median %)	1.20%	1.23%	1.19%	1.19%	1.20%
ALLL/Noncurrent Loans (median multiple)	2.42	2.03	1.77	1.62	2.07
Net Loan Losses/Loans (aggregate)	0.18%	0.27%	0.23%	0.25%	0.19%
Earnings	Jun-04	Jun-03	Jun-02	Jun-01	Jun-00
Unprofitable Institutions (#)	10	8	15	24	17
Percent Unprofitable	2.66%	2.13%	3.90%	6.14%	4.22%
Return on Assets (median %)	1.05	1.10	1.06	1.00	1.05
25th Percentile	0.72	0.74	0.69	0.65	0.74
Net Interest Margin (median %)	3.93%	3.88%	4.03%	3.88%	4.15%
Yield on Earning Assets (median)	5.48%	5.94%	6.66%	8.05%	8.08%
Cost of Funding Earning Assets (median)	1.53%	2.01%	2.71%	4.21%	3.97%
Provisions to Avg. Assets (median)	0.10%	0.12%	0.13%	0.12%	0.12%
Noninterest Income to Avg. Assets (median)	0.63%	0.62%	0.55%	0.53%	0.52%
Overhead to Avg. Assets (median)	2.72%	2.69%	2.66%	2.66%	2.73%
Liquidity/Sensitivity	Jun-04	Jun-03	Jun-02	Jun-01	Jun-00
Loans to Deposits (median %)	83.20%	80.20%	80.20%	79.65%	80.87%
Loans to Assets (median %)	69.06%	67.05%	67.60%	67.50%	67.77%
Brokered Deposits (# of Institutions)	73	58	51	46	34
Bro. Deps./Assets (median for above inst.)	2.46%	1.76%	1.56%	1.06%	0.97%
Noncore Funding to Assets (median)	16.56%	16.01%	15.23%	15.52%	15.67%
Core Funding to Assets (median)	72.70%	72.72%	73.02%	73.19%	73.37%
Bank Class	Jun-04	Jun-03	Jun-02	Jun-01	Jun-00
State Nonmember	258	255	261	266	275
National	45	46	46	46	49
State Member	42	42	43	42	39
S&L	16	16	18	18	20
Savings Bank	15	15	16	18	18
Stock and Mutual SB	0	1	1	1	2
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	228	26,891,472	60.64%	30.20%	
Kansas City MO-KS	56	28,815,633	14.89%	32.36%	
St Louis MO-IL	51	25,919,253	13.56%	29.11%	
Springfield MO	24	4,329,224	6.38%	4.86%	
Joplin MO	8	1,322,631	2.13%	1.49%	
Columbia MO	5	1,603,164	1.33%	1.80%	
St Joseph MO	4	156,073	1.06%	0.18%	